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ARIZONA CORPORATION COMMISSION

2009 SEP 25 P 3:43

ORIGINAL

September 25, 2009
ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission
DOCKETED

SEP 25 2009

Joe Cordovana
Appaloosa Water Company
P.O. Box 3150
Chino Valley, Arizona 86323

DOCKETED BY	<i>[Signature]</i>
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RE: Appaloosa Water Company – Application for Extension of its Certificate of Convenience and Necessity (CC&N) Docket No. W-03443A-08-0540
INSUFFICIENCY LETTER #2

Dear Sir:

In reference to the above mentioned application filed on October 13, 2008, and the supporting documents filed on August 27, 2009, this letter is to inform you that the application still has not met the sufficiency requirements as outlined in the Arizona Administrative Code. The deficiency is:

1. The map provided in response to item #2 of Staff's November 14, 2008 Insufficiency letter is not legible and user friendly. Please provide **sectional maps** of the requested service territory with an identification of the respective property owners requesting service.
2. Every applicant for a CC&N and/or CC&N extension is required to submit to the Commission evidence showing that the applicant has received the required consent, franchise or permit from the proper authority, pursuant to ARS 40-282.B. If the applicant operates in an unincorporated area, the company has to obtain the franchise from the County. If the applicant operates in an incorporated area of the County, the applicant has to obtain the franchise from the City/Town. The Town of Chino Valley via a letter dated September 14, 2009, informed the Arizona Corporation Commission that "the Town is not currently willing to enter into a franchise agreement with the Appaloosa Water Company." (See the attached letter) Please provide a copy of the Town of Chino Valley's required consent, franchise or permit for the proposed CC&N extension area. If the franchise agreement has not been issued, please inform Staff of the status of the applications for the franchise agreements.
3. Please provide a copy of the Arizona Department of Environmental Quality's Approval to Construct the water facilities to serve the proposed CC&N area. If the Approval to Construct has not been issued, please inform Staff of the status of the application for the Approval to Construct.

4. Please provide a copy of the Arizona Department of Water Resources ("ADWR") Analysis of Assured Water Supply or Certificate of Assured Water Supply for the CC&N area requested. If none of these are available, please provide a copy the ADWR Physical Availability Determination.
5. Please provide a copy of the ADEQ Compliance Status Report.
6. The requested area is approximately 4-1/2-square-miles. A master plan is needed to show how the entire 4-1/2-square-miles will be constructed and built in phases to serve the requested areas.
7. Within the master plan, please provide the proposed plant facilities and their construction costs.
8. For each of the first five years, please provide the proposed plant facilities to be constructed and their construction costs.

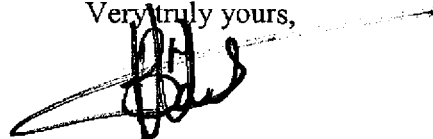
Staff would like to use this opportunity to bring the following to your attention:

- Pursuant to the Arizona Administrative Code ("A.A.C.") R-14-2-411(C), the time-frame for administrative completeness review shall be suspended from the time the notice of deficiency is issued until staff determines that the application is complete. Upon meeting sufficiency requirements, the Commission has 150 calendar days for its substantive review. This includes conducting a hearing and preparing Opinion and Order to present to the Commission at an Open Meeting.

Please file your response to this Insufficiency Letter with Docket Control.

If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0840 or Marlin Scott Jr. at 602-542-7272.

Very truly yours,



Blessing N. Chukwu
Executive Consultant III

BNC

cc: Docket Control
Del Smith
Lyn Farmer
Brian Bozzo
Vicki Wallace

Town Of Chino Valley
Water Resources Department
1020 West Palomino Road
P.O. Box 406
Chino Valley, AZ 86323
Tel (928) 830-6084
Fax (928) 836-7141

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2009 SEP 22 P 1:42

Water Resources Department

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September 14, 2009

SEP 22 2009

Arizona Corporation Commission
Commissioners Wing
1200 W. Washington - 2nd Floor
Phoenix, Arizona 85007
ATTN: Blessing N. Chukwu, Executive Consultant

AZ CORP COMM
Director Utilities

RE: Docket No. W-03443A-08-0540
Appaloosa Water Company Request for CC&N Extension

Dear Blessing Chukwu,

The purpose of this letter is to affirm the Town's position regarding the Appaloosa Water Company's Application for extension of its CC&N and become an intervener regarding this application.

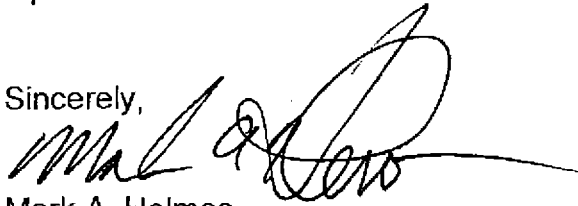
Appaloosa Water Company applied for an extension of its CC&N dated October 13th, 2008. However, the Arizona Corporation Commission staff has noted numerous deficiencies as outlined in the letter dated November 14th, 2008. Item four (4) within that letter asks the water company to provide a copy of the franchise agreement with the Town. Currently, a franchise agreement does not exist between the Town and the water company and the Town is not currently willing to enter into a franchise agreement with the Appaloosa Water Company.

The Town requests that it be officially recognized as an intervener regarding this application and participate as such in the public process whenever an intervener has a right to provide specific written or oral input within this process. The Town also requests it be provided with copies of further correspondence and written documentation transmitted to and from the Department as well as notification regarding hearings set regarding this application.

The Town appreciates your time and efforts in this request. If you need to contact the Town regarding this matter please direct your correspondence or phone calls to Mark

Holmes, the Town's Water Resources Director. Mark can be reached at 928-830-6084 or via email at mholmes@chinoaz.net or USPS via the address at the top of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark A. Holmes', with a long horizontal flourish extending to the right.

Mark A. Holmes
Water Resources Director

CC: Chairman Kristen Mayes